

## CLARK COUNTY STAFF REPORT

**DEPARTMENT/DIVISION:** Clark County Prosecuting Attorney's Office

**DATE:** July 16, 2002

**REQUEST:** Consider adoption of an ordinance creating a Public Facilities District and adding a new chapter, Chapter 2.19, to the Clark County Code creating the District; specifying its purpose, powers and limitations; and providing for its organization.

**CHECK ONE:**        XX Hearing

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### **BACKGROUND:**

The attached ordinances present two alternative methods of creating a public facilities district that could participate in the development and operation of a regional center. The following discussion explains PFD's generally and the two alternative approaches to creating a PFD.

1.    PFD's Generally.    A PFD is an independent municipal corporation with independent taxing authority. It is governed by a board of directors that is appointed according to statute. A PFD is authorized to construct, own and operate convention, conference or special event centers<sup>1</sup> and related parking facilities. These facilities are referred to as Regional Centers. It is also authorized to impose certain taxes.

A PFD can use a portion of state sales and use tax to acquire, construct, own and operate Regional Centers assuming certain criteria are met. Those criteria are (1) the PFD must be created before July 31, 2002; (2) the Regional Center must cost at least Ten Million Dollars (\$10,000,000) (including debt service); (3) construction must commence before January 1, 2004 and (4) the state sales and use tax paid to the PFD must be matched by money from other public or private sources in an amount equal to 33% of the sales and use tax revenue.

The tax rate available to PFD's with qualified regional centers is 0.033 per cent (33cents per \$1,000 of sales). The state sales and use tax that would be available in Clark

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<sup>1</sup> Special events centers include facilities that are available to the public, use for community events, sporting events, trade shows, and artistic, musical, theatrical or other cultural exhibitions, presentations, or performances. RCW 35.57.020.

County, based on 2001 data from the Department of Revenue, is set forth in the table below:

## **CITY OF VANCOUVER PUBLIC FACILITIES DISTRICT Sales Tax Credit Base**

06-Jun-02

	<b>2001 Sales &amp; Use Tax Base</b>	<b>Sales Tax Credit Rate</b>	<b>Tax Credit Revenue</b>	<b>Tax Credit Revenue</b>
Vancouver	2,064,000,000	0.0330%	681,120	
Clark County	1,086,000,000	0.0330%	358,380	358,380
Camas	158,000,000	0.0330%	52,140	52,140
BattleGround	124,000,000	0.0330%	40,920	40,920
Washougal	108,000,000	0.0330%	35,640	35,640
Ridgefield	33,000,000	0.0330%	10,890	10,890
LaCenter	13,000,000	0.0330%	4,290	4,290
<b>TOTAL</b>	<b>3,586,000,000</b>		<b>1,183,380</b>	<b>502,260</b>

Source: WA DOR Web Site

### **NOTES:**

Actual City PFD 2001 credit estimate based on actual PFD receipts from June 2001 was \$733,943

These estimates appear conservative

Difference may be due to timing of distributions v. tax base

Making this revenue available to the local PFD would not increase the amount of the sales and use tax imposed upon consumers. Rather, it would allocate a portion of the state sales and use tax to the local PFD rather than having those funds retained by the Department of Revenue.

2. The County PFD. A county, acting alone, has the authority to form a county PFD. RCW 36.100.010. A county PFD has a five-member board of directors. In Clark County, the County would appoint two of the directors. Vancouver would appoint two directors and the fifth director would be appointed by the directors appointed by Vancouver and the County. The boundaries of the County PFD are coextensive with the boundaries of the County. A county PFD would receive sales and use tax revenue from the entire area of the county, except for within cities that have formed PFD's with qualified regional centers.<sup>2</sup>

2. City-County PFD. A county and a city within a county can form a city-county PFD. RCW 35.57.010(1)(c). The city-county PFD has boundaries that include the cities that are a part of the city-county PFD and the unincorporated area of the County. RCW 35.57.010(2)(b). There are seven members on the board of directors of a city-county PFD. Three of those members are appointed by the city and county, and four members are appointed by the legislative authority<sup>3</sup> based upon recommendations from local

<sup>2</sup> It is anticipated that Vancouver is the only city that will have a qualified regional center.

<sup>3</sup> The statute does not specify whether this is the city or the county legislative authority or both.

organizations that include the Chamber of Commerce, Economic Development Counsel, Labor Counsel, or neighborhood organizations. The city-county PFD receives sales and use tax from within the unincorporated area of the county and the area of any participating cities.

3. Interlocal Agreements. If the Board creates a PFD, it will be necessary to enter into an interlocal agreement between the County, participating city (if any), and the PFD regarding the organization, staffing, scope of work, and processes to be following by the PFD. It will also be necessary to enter into an interlocal agreement between the County, City (if applicable), Vancouver, and the Vancouver PFD regarding the scope of work and respective duties and responsibilities relating to the Vancouver Regional Center. The county could also enter into interlocal agreements with cities regarding recommendations for members to serve on the board of directors.

4. Options for Regional Centers. The City of Vancouver formed the Vancouver Public Facilities District for the purpose of planning, constructing, and operating a regional center in downtown Vancouver. It has requested Clark County to consider the formation of a public facilities district for the purpose of cooperating with it and the Vancouver Public Facilities District in the planning, financing, development and operation of the Vancouver Regional Center. At this time, the proposal for the Vancouver Regional Center consists of a convention center and related parking facilities.

It is proposed that the Vancouver Regional Center would be the project to be considered by the PFD created by the County as a qualified regional center. In the event that it is determined that the Vancouver Regional Center is not a viable project, other projects which meet the criteria for a qualified Regional Project could be considered. Renovations at the Clark County Fairgrounds have been identified as a possible project to be considered.

### **BUDGET IMPLICATIONS:**

The creation of the PFD does not have any immediate budget implications. However, once a qualified regional center project is identified, the PFD formed by the County can begin to receive state sales and use tax from the Department of Revenue. This would not increase the amount of the sales and use tax imposed upon the consumers. Rather, it would allocate a portion of the state sales and use tax to the local PFD rather than having those funds retained by the Department of Revenue.

### **ACTION REQUESTED**

Consider the adoption of an Ordinance creating a Public Facilities District.

### **DISTRIBUTION:**

Bill Barron, County Administrator  
Glenn Olson, Office of Budget

John Payne, Office of Treasurer  
E. Bronson Potter, Prosecutor's Office  
Doug Johnston, General Services

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E. Bronson Potter, WSBA #9102  
Deputy Prosecuting Attorney

**Approved:** \_\_\_\_\_  
Clark County Board of Commissioners

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